

Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 08179 091231Z

41

ACTION EA-14

INFO OCT-01 IO-14 ISO-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20

STR-08 CEA-02 DRC-01 L-03 AGR-20 FEA-02 AEC-11

DODE-00 FPC-01 H-03 INT-08 PM-07 SAM-01 SCI-06 PA-04

TAR-02 USIA-15 PRS-01 SWF-02 /229 W
----- 053187

P 091120Z JUL 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 5079

INFO US MISSION GENEVA PRIORITY 240

LIMITED OFFICIAL USE MANILA 8179

E.O. 11652: N/A

TAGS: EGEN, EFIN, ETRD, RP, US

SUBJECT: PHILIPPINE ECONOMIC NEGOTIATIONS

1. THIRD MEETING OF US/RP ECONOMIC PANELS MET FROM
3-6 P. M. ON 9 JULY. VEGA AND ARNOLD ACTED AS CHAIRMEN.
RP PANEL SUBMITTED PROPOSED AGENDA WITH
US PANEL AMENDMENT THAT TRADE MATTERS BE MADE SEPARATE
ITEM. SUBSEQUENTLY, FOLLOWING AGENDA WAS CONCURRED IN
BY BOTH PANELS:

- (1) CONSIDERATION OF AND AGREEMENT ON PROCEDURAL
MATTERS.
- (2) PRESENTATION AND CONSIDERATION, PART BY PART, OF
U.S. DRAFT.
- (3) PRESENTATION AND CONSIDERATION OF PHILIPPINE DRAFT
SUBMISSIONS.
- (4) CONSIDERATION OF US AND RP TRADE INTERESTS.
- (5) PART BY PART HARMONIZATION OF RP AND US DRAFT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 08179 091231Z

SUBMISSIONS.

- (6) IDENTIFICATION OF AGREED DRAFTS AND REMAINING ISSUES, IF ANY.
- (7) FUTURE COURSE OF ACTION.

2. US PANEL PROVIDED COPY OF EBERLE'S STATEMENT ON TRA TO RP PANEL.
PANELS THEN RESUMED DETAILED DISCUSSION OF US DRAFT STARTING WITH REVIEW OF ARTICLE IX AND PROCEEDING THROUGH ARTICLE XVIII, LAST ARTICLE OF TREATY.

3. IN DISCUSSION OF NON-DISCRIMINATORY TREATMENT, US PANEL PRESENTED FOLLOWING DEFINITION FOR CONSIDERATION:

QUOTE: (4) THE TERM "NONDISCRIMINATORY TREATMENT" MEANS TREATMENT ACCORDED WITHIN THE TERRITORIES OF A PARTY UPON TERMS NO LESS FAVORABLE THAN THE TREATMENT ACCORDED THEREIN, IN LIKE SITUATIONS, TO ANY OTHER ENTERPRISE, NATIONAL, COMPANY OR OTHER OBJECT, AS THE CASE MAY BE. EITHER PARTY MAY, HOWEVER, EXTEND FINANCIAL INCENTIVES TO ITS OWN NATIONALS OR COMPANIES IN THE FORM OF ESTABLISHMENT SUBSIDIES AND TAX BENEFITS IN ORDER TO FURTHER ITS DEVELOPMENT AND PROMOTE ITS NATIONAL INDUSTRIAL BASE WITHOUT ANY OBLIGATION TO EXTEND SUCH INCENTIVES TO NATIONALS OF THE OTHER PARTY, EXCEPT TO THE EXTENT IT EXTENDS THEM TO NATIONALS OF A THIRD COUNTRY. END QUOTE.

RP EXPRESSED APPRECIATION AND WOULD STUDY.

4. PARTICULAR CONCERN TO RP PANEL WAS VARIOUS ASPECTS OF ARTICLE XIII ESPECIALLY IN RELATION TO "NEW LIMITATIONS". THEY ALSO HAD COMMENTS AND OBSERVATIONS ON PRACTICALLY ALL OTHER ARTICLES. US PANEL RESPONSIVE TO COMMENTS AND MANY AREAS CLARIFIED. RP PANEL PROMISED TO SUPPLY COUNTERDRAFT ON AREAS OF THEIR CONCERN.

5. REP PANEL SUBMITTED FOLLOWING LIST OF TOPICS TO BE CONSIDERED IN SUBSEQUENT DISCUSSIONS:

- (1) PREAMBLE: PRINCIPLES GOVERNING RP-US ECONOMIC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 08179 091231Z

RELATIONS.

- (2) INDUSTRIAL COLLABORATION
- (3) PASSAGE OF NEW U.S. SUGAR ACT TO PROTECT PHILIPPINE SUGAR MARKET IN U.S.
- (4) OBLIGATIONS OF COMPANIES AND NATIONALS.
- (5) ACCESS TO ENERGY AND FOOD SUPPLIES.
- (6) RE-EXPORT TRADE.
- (7) LIST OF RP PRODUCTS TO BE EXEMPTED FROM U.S.

TARIFF AND NON-TARIFF BARRIERS AND THOSE RP PRODUCTS
WHOSE PRESENT DUTY-FREE STATUS ARE TO BE BOUND.

(8) LIST OF RP PRODUCTS FOR INCLUSION OF U.S. GSP
AND TO BE EXEMPTED FROM NON-TARIFF BARRIERS.

(9) PENDING GOP ECONOMIC CLAIMS INCLUDING (A) REFUND
OF PROCESSING TAX ON PHILIPPINE COCONUT OIL; (B) GOP
CLAIM THAT 10 PERCENT SURCHARGE ON PHILIPPINE PRODUCTS
NOT IN ACCORD WITH ARTICLE III OF LAUREL-LANGLEY; (C)
SHIPMENT IN RP CARRIERS OF US GOODS FINANCED BY USG
FINANCIAL INSTITUTIONS; AND (D) SEVERAL ITEMS MORE
APPROPRIATE TO DISCUSSIONS ON MILITARY BASES AGREEMENT.

6. RP PANEL REQUESTED DEFINITION OF RETAIL TRADE AND
LIST OF US TRADE ITEMS. US PANEL AGREED TO PROVIDE
CRITERIA FOR CONSIDERATION ON RETAIL TRADE DEFINITION
ISSUE AND SUGGESTED BOTH GOVERNMENTS PROVIDE TRADE LISTS
AT SUBSEQUENT MEETING.

7. IN PRELIMINARY DISCUSSION OF ANNEXED AGREEMENT
US SIDE CORRECTED PHIL INTERPRETATION THAT TRADE
AGREEMENT WOULD INCORPORATE SPECIFIC GSP CONCESSIONS.
US SIDE EXPLAINED
IMPLEMENTING PROCEDURES FOR MFN CUT SPELLED OUT IN
TRA, INCLUDING TARIFF COMMISSION ADVICE, PUBLIC
HEARINGS AND STAGING. PROCEDURE FOR IMPLEMENTATION OF
GSP EXPLAINED AND IT WAS MADE CLEAR THAT THIS PROCEDURE
TOTALLY SEPARATE FROM US-PHIL ECON NEGOTIATION.

8. GOP PANEL AGREED TO ACCELERATED WORK SCHEDULE
UNDER WHICH REVIEW OF U.S. TEXT, INITIAL PRESENTATION
OF PHILIPPINE PROPOSALS AND DISCUSSION OF TRADE INTERESTS
WOULD BE COMPLETED THIS WEEK.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MANILA 08179 091231Z

9. SESSION CONCLUDED WITH RE-EXPRESSION OF PHIL
INTEREST IN RELATIONSHIP BETWEEN EFFECTIVITY
OF TREATY AND TRADE ANNEX. U.S. CHAIRMAN ASSURED GOP
PANEL THAT U.S INTEREST WAS TO RELATE TWO DOCUMENTS AND
THAT CONTENTS OF EACH WOULD INEVITABLY HAVE SOME IMPACT
ON ACCEPTABILITY OF OTHER.

10. NEXT MEETING SCHEDULED FOR 2:00 P.M. WEDNESDAY,
10 JULY.
SULLIVAN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, NEGOTIATIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA08179
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740181-1232
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740765/aaaacdto.tel
Line Count: 164
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2002 by boyleja>; APPROVED <25 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PHILIPPINE ECONOMIC NEGOTIATIONS
TAGS: EGEN, EFIN, ETRD, RP, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005